

## 14. DEFICIT REDUCTION FUND

On August 4, 1993, the President issued Executive Order 12858 to guarantee that the net deficit reduction achieved by the Omnibus Budget Reconciliation Act (OBRA) of 1993 is dedicated exclusively to reducing the deficit. The order established the Deficit Reduction Fund and requires that amounts equal to the spending reductions and revenue increases resulting from OBRA be credited to the Fund. The order also requires that information about the fund, including statements of the amounts in and Federal debt redeemed by the fund, be included in the President's budget. Table 14-1 presents the amounts that will be credited to the fund, based on the final scoring of OBRA by OMB:

**Table 14-1. REVENUE INCREASES AND SPENDING REDUCTIONS CREDITED TO THE DEFICIT REDUCTION FUND**

(In millions of dollars)

Fiscal Year	Annual amount	Cumulative amount
1994 .....	46,752	46,752
1995 .....	82,713	129,465
1996 .....	100,554	230,019
1997 .....	128,898	358,917
1998 .....	145,846	504,763

Each year, amounts are credited to the fund on a daily basis equal to the net deficit reduction achieved by OBRA. The order requires that the fund balances be used exclusively to redeem maturing debt obligations of the Treasury held by foreign governments. On October 1, 1993, amounts began to be credited to the fund and. Since then, the deposits made have been used for the stated debt redemption purposes.

The status of the fund on December 31, 1995, was:

**Table 14-2. STATUS OF THE DEFICIT REDUCTION FUND**

(In millions of dollars)

Description	Amount
Beginning balance .....	.....
Deposits made between October 1, 1993, and December 31, 1995 .....	153,902
Redemptions of Treasury debt held by foreign governments between October 1, 1993, and December 31, 1995 .....	153,501
Fund balance as of December 31, 1995 .....	401